

F. Au Audit/Co

MEMORANDUM

May 27, 2005

TO: Don Myers
FROM: Ben Ladner
SUBJECT: Audit Update

In light of your questions to me about Protiviti's notification that they are preparing to expand their audit activities and add a third year to their inquiry, I am writing to clarify the status of the audit that was agreed upon last week.

Following the teleconference meeting of May 24 at which you were present to discuss university credit card usage, Board Chair Leslie Bains, Audit Committee Chair Len Jaskol, and I met by phone to discuss the next steps of the audit. It was agreed that the focus of the audit would be confined to any remaining issues that Protiviti will identify, and which will be discussed directly with me. I will provide them with additional materials I am collecting and will respond to any specific issues they identify. If research or records are needed from you or your staff, Protiviti will notify you after they have met with me. Ms. Bains, Mr. Jaskol, and I agreed that, with this very specific agenda, it was reasonable to expect the entire audit to be completed within a few weeks.

Because of the understandable confusion that ensued from Protiviti's contacting you with a different agenda, I have spoken with Ms. Bains and she confirmed that her understanding of the remaining audit agenda is as I have described it above. She also said that she would clarify the situation shortly so that we can proceed as agreed. I will notify you when this has occurred.

cc: Leslie Bains
Tom Gottschalk
Len Jaskol

AUSF 008401